Gary Kremen
Chair
District 7

Dennis Kennedy
Vice Chair
District 1

Barbara Keegan
District 2

Richard P. Santos
District 3

Linda J. LeZotte
District 4

Nai Hsueh
District 5

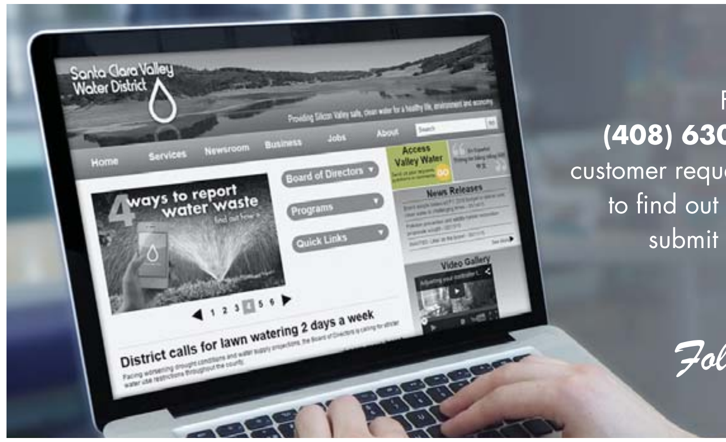
Tony Estremera
District 6

From left to right: Directors Dennis Kennedy, Linda J. LeZotte, Tony Estremera, Barbara Keegan, Richard P. Santos, Gary Kremen, Nai Hsueh

Governance and Board of Directors

Pursuant to the District Act, the district's board of directors governs the district (California Water Code, Chapter 60, Water Code Appendix, §§1-35) and directs the CEO and board-appointed officers. The board is composed of seven members; each elected from equally populated jurisdictions drawn through a formal process. Board members serve overlapping four-year terms and elect a new chair and vice-chair annually.

The board holds regular public meetings and special board meetings, as needed. Board agendas and supporting materials are posted 10 days in advance, providing the public sufficient notice. The board meetings are also broadcast on the internet and are accessible in a web archive. In fact, the district is the only Northern California water agency that broadcasts its board meetings.


Santa Clara Valley Water District
4 ways to report water waste
District calls for lawn watering 2 days a week

CONTACT US

For more information, contact **Najon Chu** at **(408) 630-2208**. Or use our **Access Valley Water** customer request and information system at valleywater.org to find out the latest information on district projects or to submit questions, complaints or compliments directly to a district staff person.

Follow us on: /scvwd /valleywater /valleywater

To get eNews, text **VALLEYWATER** to **22828**.

© 2015 Santa Clara Valley Water District, PUB 103.1, July 2015, JL/ET

Santa Clara Valley Water District

FY 2016

Budget in Brief

Budget highlights:

- $478 million total operating and capital budget for Fiscal Year 2016.
- Operations account for 58 percent ($276.7 million) of the budget, and the capital budget is 42 percent ($201.3 million) of the total FY 2016 budget.
- There are 49 capital projects, including the Anderson Dam Seismic Retrofit and planning for indirect potable reuse projects, which will help battle the drought.
- The ongoing drought has impacted the water district's budget in the amount of $76.5 million in drought-related costs and loss of revenue.
- The water district has been able to lessen the impact by $55.4 million through reducing debt service costs by delaying a planned debt issuance, delaying certain non-critical small capital projects, and selling surplus properties and other cost-saving actions.
- The proposed budget represents an effort to balance minimizing the drought impacts on the community while keeping rate increases minimal.
- Groundwater production charges (rates for well owners) increase by an average of $5.06 per month in the North County (19.7 percent), and by an average of $1.27 per month in the South County (11.6 percent), for an average household.

Key deliverables:

- Provide resources to respond to the drought
- Deliver high-quality drinking water through local and imported water supply
- Deliver high-quality recycled and advanced purified water
- Ensure dam safety and manage infrastructure
- Deliver capital projects to decrease flood risk or maintain stream capacity
- Clean trash and mercury from creeks and watersheds
- Improve fish habitat and passage
- Make principal and interest payments on water district's long-term debt
- Included in operations costs are investments in staff development, emergency preparedness and training to ensure a capable, sustainable workforce

District mission and services

Now into our fourth year of drought, the Santa Clara Valley Water District's job of managing critical water supply and watersheds is even more imperative. The community support has been instrumental in striving toward our conservation goals and we thank you for your efforts.

This fiscal year 2015-2016 budget outlines our priority in these dry times: investing in the future in terms of infrastructure, human resources and weathering the drought.

As a public agency, we must be good stewards of the public's money, and this balanced budget does that. It ensures financial sustainability 10 years into the future and demonstrates fiscal accountability and value to our customers.

This $478 million FY 2016 budget is a responsible investment in the future, shoring up water supplies and our infrastructure to take us through this unprecedented drought. The budget:

- funds projects that will accelerate investment in the potable reuse of advanced, purified water;
- provides adequate investments and resources to protect, maintain and rebuild infrastructure; and
- realizes efficiencies and cost savings.

Beau Goldie
Chief Executive Officer

OUR MISSION is to provide Silicon Valley safe, clean water for a healthy life, environment and economy.

Who we are

The Santa Clara Valley Water District manages an integrated water resources system that includes the supply of **clean**, **safe water**; **flood protection**; and **stewardship of streams** for Santa Clara County's 1.9 million residents. The district manages 10 dams and surface water reservoirs, three water treatment plants, an advanced recycled water purification center, a water quality laboratory, nearly 400 acres of groundwater percolation ponds and more than 275 miles of streams.

Clean, reliable water

This includes:

- Developing and expanding water sources for our already-diverse portfolio.
- Expediting the expansion of our capabilities to purify recycled water, eventually percolating advanced purified water into the aquifer to shore up drinking water supplies.
- Partnering with several Bay Area water agencies on further examining desalination. A thorough vetting of how it would work in the Bay Area will help us determine if this is a viable option for Santa Clara County.

Environmental stewardship

This includes:

- Carrying out projects in the Safe, Clean Water and Natural Flood Protection Program, passed by voters in 2012.
- Partnering with other public and private agencies to advance projects that improve habitat, watersheds and recreation.
- Working with partners to address the effects of illegal encampments along creeks and streams.
- Clearing litter and trash from creeks and streams.

Flood protection

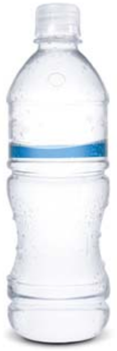
This includes:

- Carrying out projects to protect our communities when the rains return.
- Inspecting and repairing infrastructure such as levees and floodwalls.
- Encouraging those in flood-prone areas to purchase flood insurance as well as offering tips and resources to help residents and businesses protect themselves.

Value of water

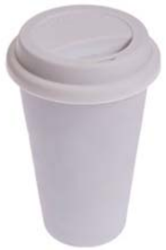
A Gallon of **TAP WATER**
less than a cent

A Gallon of*



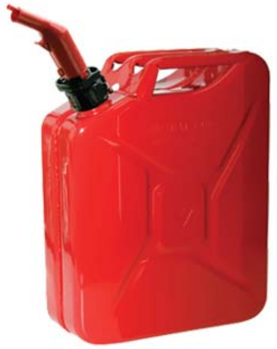
$7.80

A Gallon of*



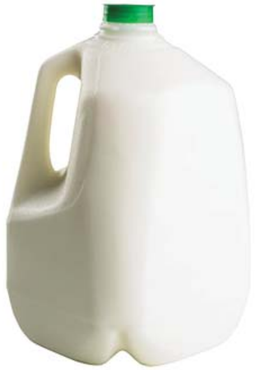
$24.00

A Gallon of*



$2.68

A Gallon of*



$3.65

*(*Prices based on 2015 California averages.)*

Tap water – a true bargain

In Santa Clara County, on average, a gallon of tap water costs less than a cent. It is a true bargain considering the large infrastructure, the energy and expertise it takes to treat and provide safe and clean water 24 hours a day, 365 days a year. When compared with the cost of other products we use every day, tap water is clearly one of the best deals around.

Value of water

Groundwater: A buried treasure

Where's the largest reservoir in Santa Clara County?

You're standing on it. You can't see it, but beneath our feet flow billions of gallons of water that accounts for nearly half the water used in the county. For some communities, groundwater is their only water supply.

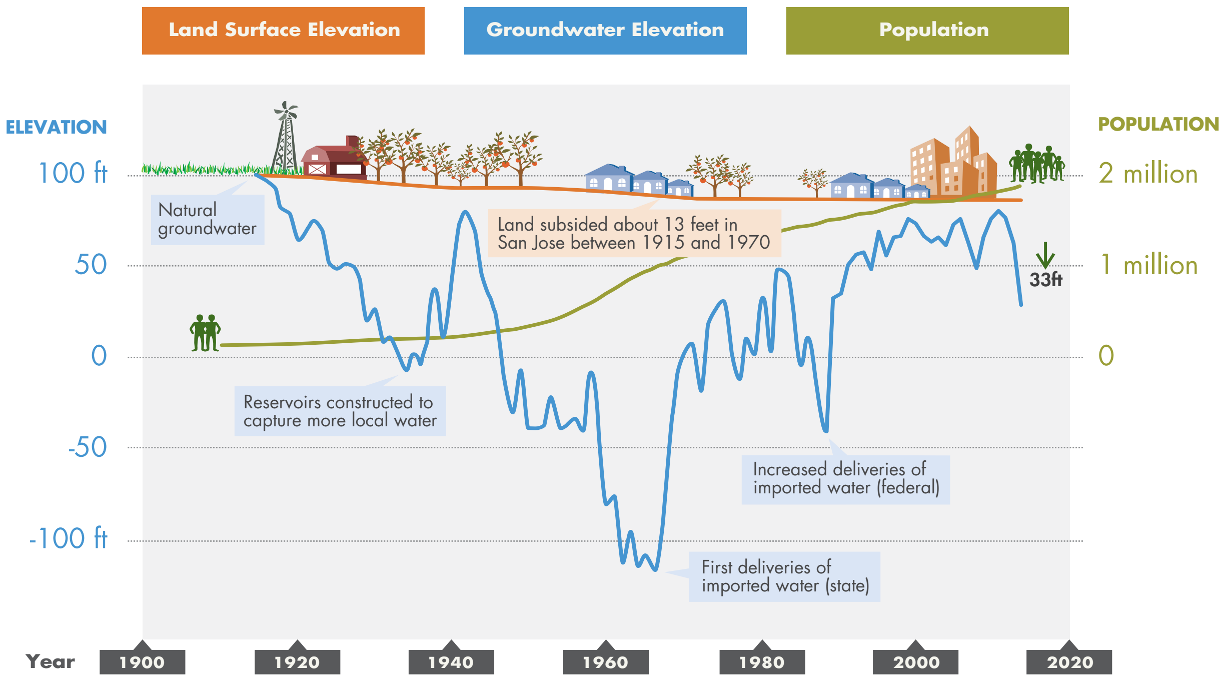
The basins that supply Santa Clara County can hold twice as much water as our 10 surface reservoirs combined, making groundwater storage a critical portion of our diverse water supply portfolio.

Managing and maintaining that storage capacity and keeping our groundwater clean are priorities for the water district, especially during the drought. One of the things the water district seeks to avoid is overpumping of our groundwater supplies, which can cause the elevation of the land to sink. That is called subsidence, and when it happens, it can cause costly damage to underground infrastructure, such as pipes and utilities. It can lead to salt water entering our aquifers. And it can result in a permanent compaction of the aquifer, which decreases water storage capacity and means less water to help us through future dry years.

Because of overpumping beginning in the early 1900s, parts of the Santa Clara Valley sank as much as 13 feet in the past century. To avoid further subsidence, the water district actively and carefully monitors wells throughout the county to ensure we do not reach subsidence levels.

That is particularly difficult in a drought. At the beginning of 2015, our groundwater levels were 26 billion gallons lower than they were at the beginning of 2014. Starting the year at a deficit coupled with little rain and a concern for our groundwater levels led our board of directors to call for a 30 percent reduction in water use this year. Based on local conditions, this is the amount we all need to save to ensure sufficient water to meet our needs now and in the future.

Learn more at www.valleywater.org/services/groundwater.aspx



A graphic representation not intended as a technical exhibit.

Last updated June 22, 2015

FY 2016 budget

Budget overview

Providing water in a time of shortage can be expensive. As the commodity gets scarcer, the price increases. We also lose some revenue as people conserve. The combined drought-related costs and the loss of revenue in FY 2016 are forecast to be $76.5 million. This amount includes:

- $27 million to secure additional water;
- $5 million to enhance water conservation program incentives;
- $16.5 million to accelerate purified water supply;
- $3 million to develop recycled and purified water in North County.

The water district has decreased these impacts by $55.4 million in savings and project delays such as pushing debt issuance to later in the year to reduce debt service costs, delaying certain non-critical small capital projects and selling two surplus properties.

These steps have helped lessen the financial impact of the drought, and the budget still concentrates on providing the water district's core services: providing clean, reliable water; managing and encouraging healthy ecosystems; and providing flood protection, in order to meet our mission to provide safe, clean water for a healthy life, environment and economy.

At the same time, the budget also maintains a continued focus on water conservation, providing $10.6 million for our water conservation program, to meet the needs of increased education and outreach, and to provide rebates and other conservation programs.

The budget also maintains a focus on growing local, drought-proof water supplies, including accelerating projects to expand our capability to purify recycled water. The projects provided for in the budget will expedite and expand the eventual return of advanced purified water into the groundwater basin to be used as drinking water and guard against land subsidence, the sinking of land surfaces. This reliable, local source of water will help us meet demand as well as manage our aquifers.

District at a glance

Cities served: 15
Water retailers served: 13
Population served: 2 million residents and commuters
Budget: $478 million for FY 2016
Water used in the county: 333,000 acre-feet
Water saved through conservation efforts: 59,300 acre-feet in 2014
Groundwater recharged: 25,800 acre-feet in 2014
Reservoirs: 10, combined capacity = **169,000 acre-feet**
Treatment plants: 3, delivered **91,000 acre-feet** in 2014
Advanced water purification plant: 1
Pumping plants: 3
Miles of pipelines: 143
Parcels removed from floodplain: Nearly **100,000** since the 1980s
Mercury removed from waterways: 600 kg
Acres of wildlife habitat preserved since 2001: 1,027 acres

**An acre-foot is about 326,000 gallons, the amount two families of five consume over a year.*

Clean, Reliable Water

Responding to the drought

The topic on everyone's mind is the drought gripping California. Silicon Valley has not been spared, and the effects of the drought can be seen in empty percolation ponds, brown lawns, and the availability of imported water.

In a normal year, about 55 percent of the water used in Santa Clara County is imported from the Sierra Nevada. In a drought year, that proportion can increase significantly.

Imported water is one part of our diverse water portfolio, which is helping us to weather the drought. Like any prudent investor, we also keep a little in the bank. In past wet years, we were able to store billions of gallons in a groundwater bank near Bakersfield. During the drought, we have withdrawn water from that bank to serve our needs in Santa Clara County.

But securing additional water alone isn't going to help us through these dry times. We must decrease demand through conservation. We are expanding the budget for outreach and programs such as rebates for landscape replacement and high-efficiency appliances, as well as increasing the number of Water Waste Inspectors to help us educate people around the community about the importance of saving water.

H2Only twice a week.
Get more tips at watersavings.org
WE'RE ALL IN THIS TOGETHER...
WE'RE FIGHTING THE DROUGHT INSIDE & OUT
WATERSAVINGS.ORG

Water Savings outreach

View of Anderson Reservoir

Dam safety and managing infrastructure for reliability

The FY 2016 budget also recognizes the importance of maintaining our facilities to ensure they continue to function efficiently and safely. One major project included in the capital budget is a seismic retrofit of Anderson Dam.

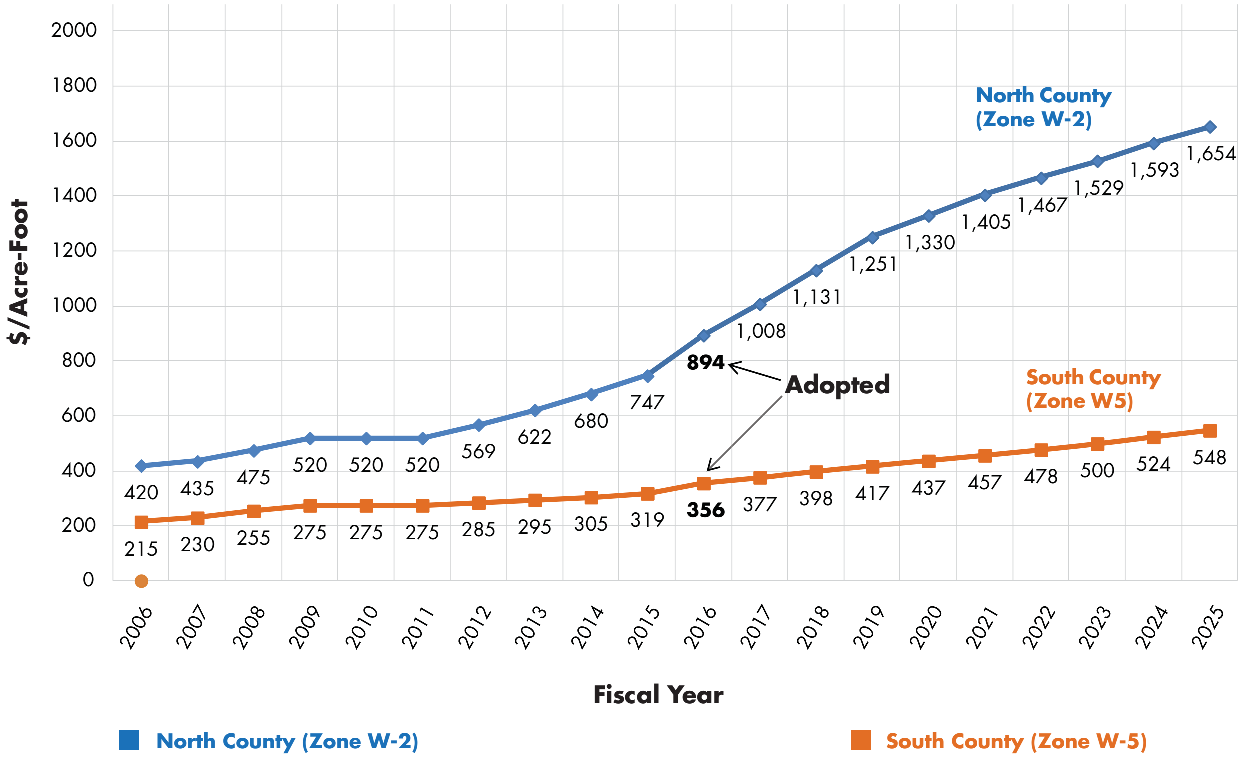
Built in 1950, the dam frames Anderson Reservoir, the largest of our 10 surface reservoirs in Santa Clara County. However, because the dam needs to be retrofitted, we have not been able to fill the reservoir to capacity. Retrofitting Anderson must be done for public safety and to ensure a reliable water supply.

When the project is complete, the water district will be able to store water in the reservoir without restriction, and that will then help us replenish our aquifers and ensure we have more water available in dry times.

The capital budget also includes money for improving the reliability of the Rinconada Water Treatment Plant. This project will expand the plant to be able to treat 100 million gallons of water a day, up from 80 million gallons today. It will also modernize the 1960s-era plant, adding ozone disinfection to the water treatment processes to help the water district meet increasingly stringent water quality, seismic stability and safety standards, as well to catch Rinconada up with major improvements already made at the Penitencia and Santa Teresa water treatment plants in San José.

Financial stability and future planning

Groundwater production charges for municipal and industrial uses



Water charges raised to maintain and rehabilitate critical infrastructure

Part of the water district's plan is to raise groundwater production charges a little every year to meet the needs of providing water to Silicon Valley in the 21st century. In FY 2016, however, we have found that we need a higher-than-normal increase in groundwater production charges to help fight the drought.

Maintenance of facilities, taking advantage of the ability to clean up areas that no longer have water in them, and being able to act when necessary to secure water means that the water district and its funding need to be flexible and responsible. Raising groundwater rates is not something we take lightly, but it is something that has proved necessary to secure and provide a safe, clean, reliable supply of water during the drought.

When approving the budget, the board of directors also considers groundwater production charges. These rates pay for the protection of our region's groundwater basins from pollutants, subsidence and salt water intrusion; as well as for drinking water supplies and the maintenance and modernization of infrastructure such as dams, pipelines, water purification and water quality testing facilities.

As part of its annual budget development, water district staff and the board consider the 5-year Capital Improvement Program, which describes capital investment priorities, projects, and intended funding. The CIP covers water supply, flood protection, stream stewardship and information technology projects.

Succession planning

Meeting the drought head on

Drought lawn sign

Ensuring Silicon Valley has enough water to meet the needs of our quality of life and our economy can be challenging in a drought.

The FY 2016 budget includes funds for securing additional water supplies and expediting the potable reuse of advanced purified water.

But it's not just getting more water. If we are to weather this drought and ensure we can meet our water needs into the future, we will have to decrease those needs. Decreasing the demand for water through conservation will help keep us going through this drought, which may carry on for years to come.

We have already started. In the last 20 years, our population has increased, but our water usage has stayed relatively level. To continue in that vein, as industry and housing boom here in the valley, we need to step up long-term conservation, which means changing our mindset. We need to get over our lawns.

The water district board of directors has called for a 30 percent reduction in water use over 2013 levels. It sounds like a lot, but that amount is achievable with limiting outdoor watering to no more than two days a week, as well as by making other changes around the house. Visit watersavings.org for ideas on how to conserve.

Conserving now could possibly help us avoid harsher conservation measures down the line if the drought persists.

Water experts hosting a webinar for local TV meteorologists.

Clean, Reliable Water

Recycling for a better tomorrow

In March 2014, the water district brought the Silicon Valley Advanced Water Purification Center online. This center takes treated wastewater and runs it through three processes to produce high-quality water that matches strict California drinking water standards:

1. **Microfiltration**, which removes solids, bacteria, protozoa and some viruses;
2. **Reverse osmosis**, which removes salts, the rest of the viruses, pharmaceuticals and pesticides; and
3. **Ultraviolet light**, which does away with anything that might be remaining.

The water district is expediting the expansion of our advanced purified water production so we can return the advance purified water to our aquifers, eventually to become drinking water again.

Ultraviolet light vessels, Silicon Valley Advanced Water Purification Center

Our center is modeled on Orange County's facility which has been purifying water for years. Delivering this high-quality water to our aquifers will help bolster our groundwater supplies and will provide a drought-proof, reliable water supply.

Silicon Valley Advanced Water Purification Center, San José, CA

Natural Flood Protection

Project team for the Upper Guadalupe River Flood Protection Project.

Flood protection in a drought

It can be difficult during a drought to think about flooding, but when the rains return, flooding can threaten a number of communities in Santa Clara County.

The FY 2016 budget provides for $89.5 million in major flood protection projects, including those in the Safe, Clean Water and Natural Flood Protection Program, a parcel tax passed by Santa Clara County voters in 2012.

Inspecting, repairing and maintaining our assets such as levees is an important part of flood protection, and the Capital Budget includes 17 projects aimed at enhancing flood protection throughout Santa Clara County.

The projects in the budget include:

- The San Francisquito Flood Protection Project. When complete, this system of levees and flood walls from San Francisco Bay to U.S. 101 will provide 100-year flood protection to about 3,000 homes and businesses.
- The Upper Guadalupe River Flood Protection Project. A portion of this project, a partnership between the water district and the U.S. Army Corps of Engineers, scheduled to break ground in 2015 will improve the habitat and allow for other flood-control measures along the river.
- The Upper Llagas Creek Flood Protection Project. This 13-mile project will provide flood protection to 1,100 homes, 500 businesses and more than 1,300 acres of agricultural land in southern Santa Clara County.

Preparation and education help the district keep people safe

The middle of a drought can be the best time to prepare for a flood, to make sure we are not caught off-guard.

As part of its flood awareness education and community outreach, the water district's board of directors recently adopted a Program for Public Information. This awareness and outreach plan aims to educate the community about flood risks and encourage them to purchase flood insurance.

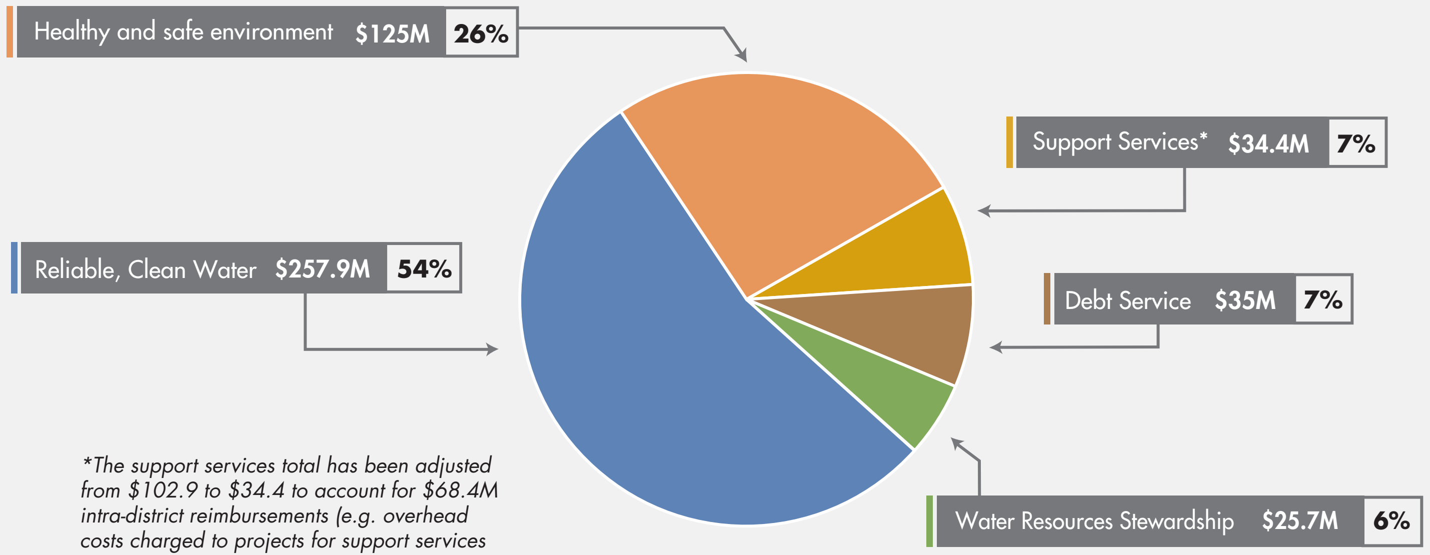
This important document brought a variety of stakeholders together to plan flood messaging and outreach, which is critical in helping local municipalities and the water district keep communities safe from flooding.

The water district provides materials to help people keep safe during floods.

District outlays

What does the FY 2016 budget pay for?

FY 2016 total outlays: $478 million*



**The support services total has been adjusted from $102.9 to $34.4 to account for $68.4M intra-district reimbursements (e.g. overhead costs charged to projects for support services such as human resources and information technology).*

District reserves

As prudent management of our finances dictates, the water district keeps a reserve of money to cover projects and unexpected events.

There are different types of reserves:

- Restricted reserves have legal restrictions on them to be used only for the stated purpose. These restrictions are imposed by law, creditors or grantors, or the regulations of other government agencies.
- Committed reserves have limitations on their use that are imposed by the board of directors and that require formal board action to change.

In FY2016, the water district has budgeted for a total of $228.1 million in committed and restricted reserves; $138.8 million of that is committed and $89.3 million is restricted.

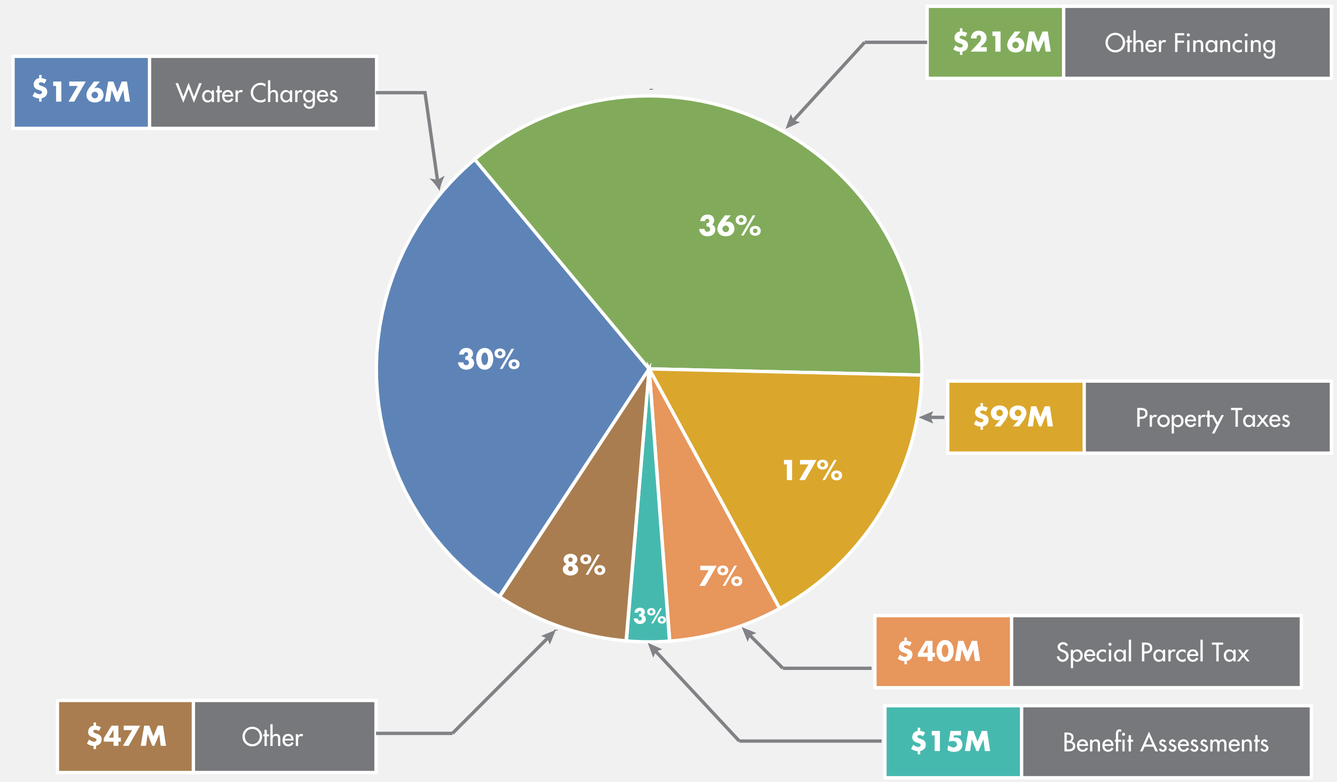
Water district policy mandates that a certain percentage of the budget be maintained as cash reserves to handle fluctuations in revenues and expenditures.

Twenty-six percent, or $125 million, of the budget is slated for keeping the environment healthy and safe.

District revenues

How is the district funded?

FY 2016 revenue and financing: $593 million



The district receives funding from a variety of sources. They include the sale of treated water, surface and recycled water; groundwater production charges; proceeds from ad valorem property taxes; Safe, Clean Water and Natural Flood Protection special parcel tax; benefit assessments that support financing for flood protection projects; interest earnings, cost-sharing agreements and grants.

The Special Parcel Tax, which provides funding for Safe, Clean Water, will expire in 2028.

A mix of funds

Water charges account for approximately 47 percent of total revenues in FY 2016, with fully $91.4 million coming from charges for treated water. Groundwater production charges are estimated at $83 million, and surface/recycled water sales are projected at about $1.6 million.

In addition to this money, the water district is projected to receive about $99 million from property taxes, as well as about $40 million from the Safe, Clean Water and Natural Flood Protection Program special tax passed by voters in 2012.

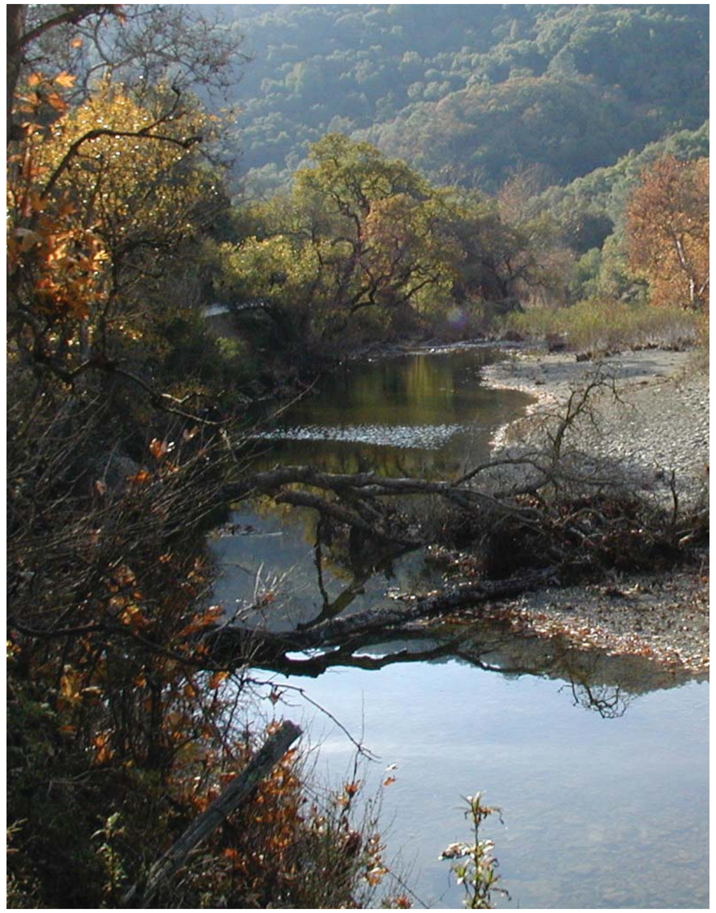
"Other Financing" includes debt proceeds in the form of Commercial Paper and Certificates of Participation. The use of these financing options support the just-in-time funding practices for the Capital Program of the district.

The water district also expects to receive $14.8 million for benefit assessment levies for flood control projects, and about $1.6 million from grants. Other revenue sources include reimbursements from other agencies and interest.

Healthy Creeks and Ecosystems

A healthy environment means improved water quality

Healthy watersheds mean cleaner water. That is one of the reasons why it is imperative for the water district to maintain and protect habitat and ecosystems in our watersheds.



Upper Coyote Creek habitat.

The water district protects 1,300 square miles of watershed lands and 240 miles of creeks and rivers throughout Santa Clara County, and much of the financial assistance for these efforts comes from the Safe, Clean Water and Natural Flood Protection Program.

Assessing the condition of the watersheds is important to maintaining stream health. This information keeps us up-to-date on the success and needs of a creek. One example of a project in this year's budget is the collection and maintenance of data for 25 miles of Coyote Creek, an important watershed.

The water district also actively participates in cleanups of illegal encampments along our creeks and streams. With homelessness a growing concern in Silicon Valley, the water district partners with local jurisdictions to ensure the safety and health of our waterways, which translates into ensuring the safety and health of our water. Some projects in the FY 2016 budget that will help maintain our creeks include:

- South Bay Salt Ponds Restoration: This project reuses local sediment from streams flowing into San Francisco Bay to create and rehabilitate habitat in former salt ponds at the bottom end of San Francisco Bay.
- Safe, Clean Water Fish Passage Improvement: This project helps restore and maintain healthy steelhead trout populations by improving fish passage and habitat, especially where manmade creek alterations disrupt fish migration.

Construction of a fish passage channel in Stevens Creek under the bridge facilitates upstream and downstream movements for steelhead trout.

An integrated water system

Where does our water come from?

Santa Clara County by the numbers*

Water supplies

30% local water
- 15% natural groundwater
- 10% from reservoirs to groundwater
- 5% from reservoirs to drinking water treatment plants

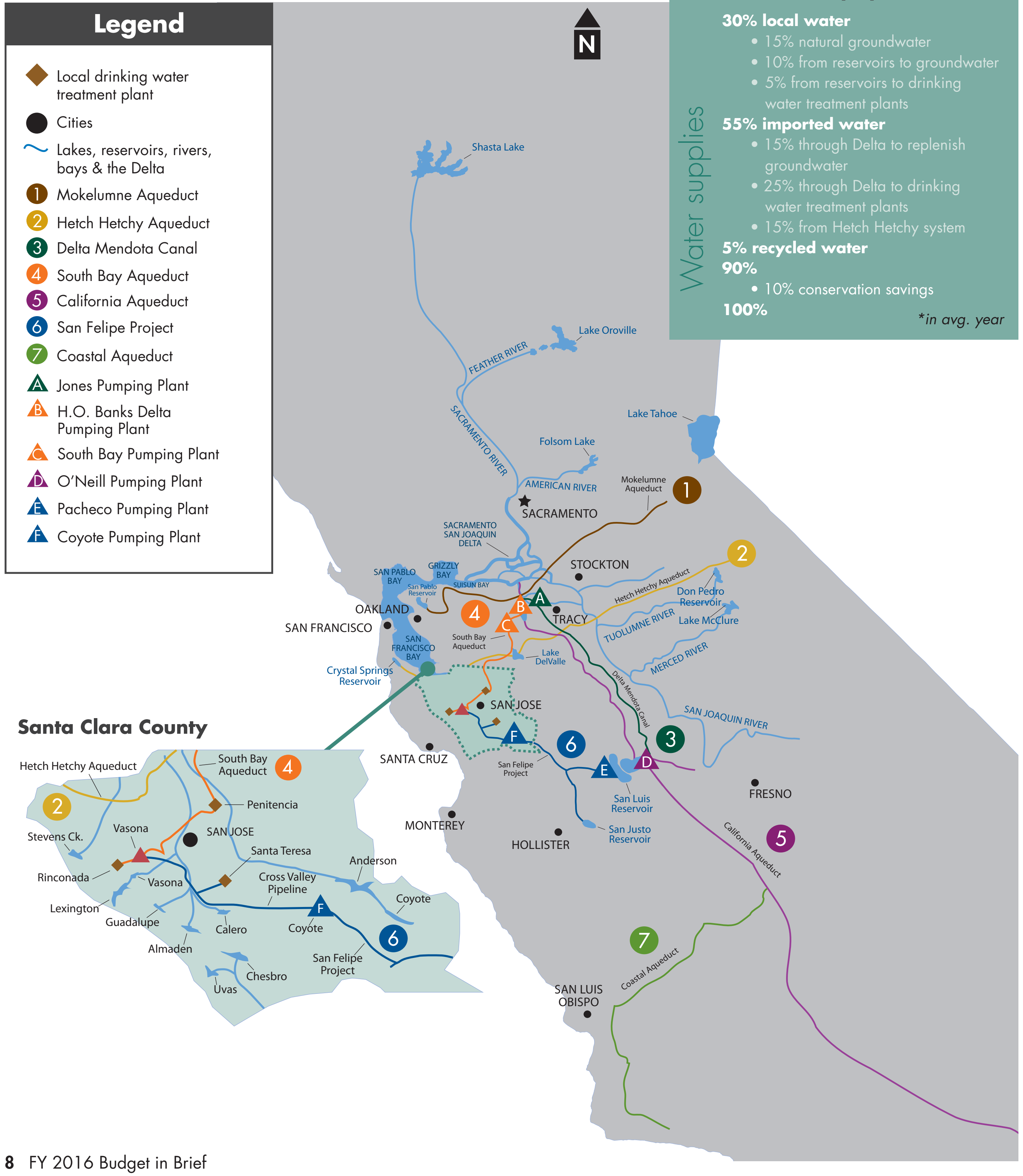
55% imported water
- 15% through Delta to replenish groundwater
- 25% through Delta to drinking water treatment plants
- 15% from Hetch Hetchy system

5% recycled water

90%
- 10% conservation savings

100%

*in avg. year

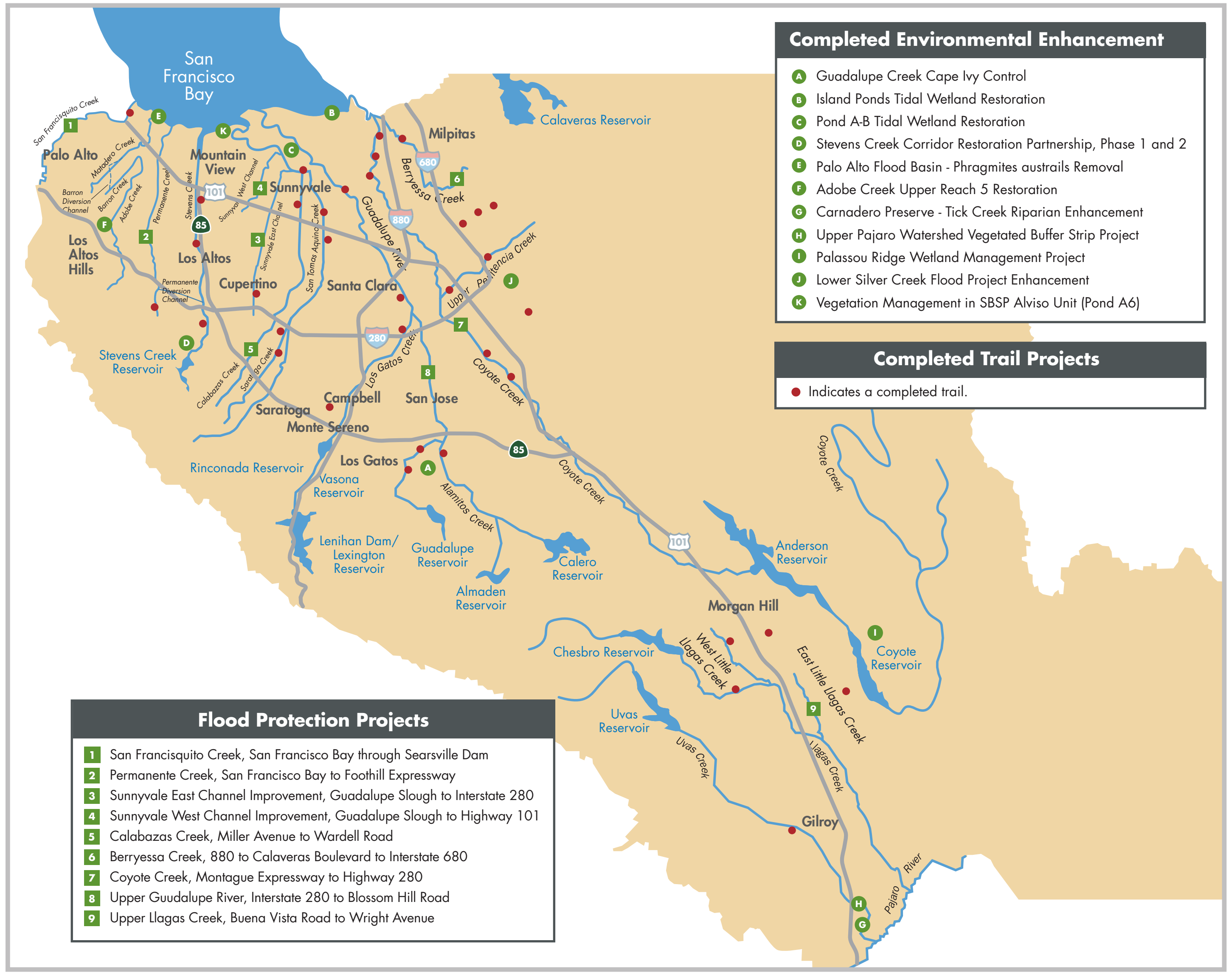


Legend

- ◆ Local drinking water treatment plant
- ● Cities
- ～ Lakes, reservoirs, rivers, bays & the Delta
- ① Mokelumne Aqueduct
- ② Hetch Hetchy Aqueduct
- ③ Delta Mendota Canal
- ④ South Bay Aqueduct
- ⑤ California Aqueduct
- ⑥ San Felipe Project
- ⑦ Coastal Aqueduct
- A Jones Pumping Plant
- B H.O. Banks Delta Pumping Plant
- C South Bay Pumping Plant
- D O'Neill Pumping Plant
- E Pacheco Pumping Plant
- F Coyote Pumping Plant

An integrated water system

Getting the whole picture



Completed Environmental Enhancement

- A Guadalupe Creek Cape Ivy Control
- B Island Ponds Tidal Wetland Restoration
- C Pond A-B Tidal Wetland Restoration
- D Stevens Creek Corridor Restoration Partnership, Phase 1 and 2
- E Palo Alto Flood Basin - Phragmites australis Removal
- F Adobe Creek Upper Reach 5 Restoration
- G Carnadero Preserve - Tick Creek Riparian Enhancement
- H Upper Pajaro Watershed Vegetated Buffer Strip Project
- I Palassou Ridge Wetland Management Project
- J Lower Silver Creek Flood Project Enhancement
- K Vegetation Management in SBSP Alviso Unit (Pond A6)

Completed Trail Projects

● Indicates a completed trail.

Flood Protection Projects

1. San Francisquito Creek, San Francisco Bay through Searsville Dam
2. Permanente Creek, San Francisco Bay to Foothill Expressway
3. Sunnyvale East Channel Improvement, Guadalupe Slough to Interstate 280
4. Sunnyvale West Channel Improvement, Guadalupe Slough to Highway 101
5. Calabazas Creek, Miller Avenue to Wardell Road
6. Berryessa Creek, 880 to Calaveras Boulevard to Interstate 680
7. Coyote Creek, Montague Expressway to Highway 280
8. Upper Guadulupe River, Interstate 280 to Blossom Hill Road
9. Upper Llagas Creek, Buena Vista Road to Wright Avenue

The water district is in the unique position of managing the whole water picture for the Santa Clara Valley. By providing clean, reliable water; flood protection; and stream stewardship, the water district is afforded a variety of perspectives from which to view both capital and operations projects.

Departments collaborate to answer questions such as: How will a flood protection project impact water supply? How will reservoir operations impact the environment downstream and what do they mean for flood risks?

By taking the whole water picture into account, the water district can offer a well-thought-out, coordinated plan for managing the water supply, providing flood protection and being good stewards of more than 800 miles of streams and their watersheds in our valley.